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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION OF
SHEPARD WATER COMPANY, INC. FOR
APPROVAL OF A PERMANENT RATE
INCREASE.

DOCKET NO. W-01537A-07-0264

IN THE MATTER OF THE APPLICATION OF
SHEPARD WATER COMPANY, INC. FOR
APPROVAL OF A FINANCING APPLICATION.

DOCKET NO. W-01537A-07-0265

RATE CASE
PROCEDURAL ORDER

BY THE COMMISSION:

On May 1, 2007, Shepard Water Company, Inc. ("Company" or "Applicant") filed with the Arizona Corporation Commission ("Commission") an application for the approval of a permanent rate increase and an application for approval of financing ("Application") to fund the cost of arsenic remediation equipment.

On May 31, 2007, pursuant to A.A.C. R14-2-103, the Commission's Utilities Division ("Staff") issued a notice of insufficiency with respect to the Company's rate application.

On June 28, 2007, Staff issued a second notice of insufficiency to the Company.

On July 27, 2007, pursuant to A.A.C. R14-2-103, the Commission issued a notice of sufficiency to the Applicant with respect to its rate application classifying the utility as a Class D water utility.

On August 15, 2007, Staff filed a Motion to Consolidate the above-captioned proceedings because the applications are interrelated and approval of the financing application cannot be determined without approval of the pending rate case.

On August 21, 2007, Staff filed a Motion for Extension ("Motion") on behalf of the Applicant because the Company had indicated that it would be unable to timely file responses to Staff's data requests and needed additional time. A review of the pending Application(s) revealed that additional

1 time was needed for further discovery prior to the issuance of a Staff Report and the timeframe would
2 have to be suspended.

3 On August 24, 2007, the Company filed its response and agreed with Staff's Motion.

4 On August 28, 2007, by Procedural Order, the above-captioned Application(s) were
5 consolidated to allow for the preparation of a Staff Report and for further disposition by the
6 Commission. The timeframe was also suspended.

7 On July 5, 2007, and on March 14, 2008, the Company mailed, by first class U.S. mail, public
8 notice to its customers of its rate and financing Application(s), respectively. The Commission did not
9 receive any responses to the Company's notices.

10 On March 18, 2008, Staff filed its report with respect to the Company's Application(s)
11 wherein Staff recommended approval of its rates and charges and further recommended the
12 authorization of an arsenic cost recovery mechanism ("ACRM") to enable the Company to recover
13 the costs of arsenic remediation equipment.

14 On March 28, 2008, the Company filed what is captioned "Comments on Staff Report Dated
15 March 18, 2007" ("Comments"). Therein, the Company took issue with the report filed by Staff.

16 Accordingly, after a review of the Staff Report and the Company's Comments, a hearing
17 should be scheduled with respect to the Application(s), and, pursuant to A.A.C. R14-3-101, the
18 Commission now issues this Procedural Order to govern the preparation and conduct of this
19 proceeding.

20 IT IS THEREFORE ORDERED that the **hearing** in the above-captioned matters shall
21 commence on **May 28, 2008, at 9:30 a.m.**, or as soon thereafter as is practical, at the Commission's
22 offices, 1200 West Washington Street, Hearing Room 1, Phoenix, Arizona.

23 IT IS FURTHER ORDERED that **intervention** shall be in accordance with A.A.C. R14-3-
24 105, except that all motions to intervene must be filed on or before **May 14, 2008**.

25 IT IS FURTHER ORDERED that any **evidence and/or associated exhibits** to be presented at
26 hearing on behalf of intervenors shall be reduced to a written summary and filed on or before **May**
27 **23, 2008**.
28

1 IT IS FURTHER ORDERED that any **rebuttal evidence and/or associated exhibits** to be
2 presented at hearing by the Company shall be reduced to a written summary and filed on or before
3 **May 9, 2008.**

4 IT IS FURTHER ORDERED that any surrebuttal evidence and/or associated exhibits to be
5 presented by the Staff and/or intervenors shall be presented orally at the hearing.

6 IT IS FURTHER ORDERED that any substantive corrections or revisions shall be reduced to
7 writing and filed no later than five days before the witness is scheduled to testify.

8 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the Rules and
9 Regulations of the Commission except that any objection to discovery requests shall be made within
10 seven days of receipt and responses to discovery requests shall be made within ten days of receipt.¹

11 IT IS FURTHER ORDERED that any motions filed in this matter that are not ruled upon by
12 the Commission within ten days of the filing date of the motion shall be deemed denied.

13 IT IS FURTHER ORDERED that any responses to motions shall be filed within five days of
14 the filing date of the motion.

15 IT IS FURTHER ORDERED that any replies shall be filed within five days of the filing date
16 of the response.

17 IT IS FURTHER ORDERED that the Company shall provide public notice of the hearing in
18 this matter, in the following form and style:

19 **PUBLIC NOTICE OF HEARING ON THE RATE AND FINANCING**
20 **APPLICATIONS OF SHEPARD WATER COMPANY, INC.**
(DOCKET NOS. W-01537A-07-0264 AND W-01537A-07-0265)

21 On May 1, 2007, Shepard Water Company, Inc. ("Company") filed applications with
22 the Arizona Corporation Commission for an increase in its rates and charges, and for
23 financing approval. Copies of the Company's applications and proposed tariffs are
available at its office and the Commission's offices for public inspection during
regular business hours.

24 The Commission will hold a public hearing on this matter beginning **May 28, 2008,**
25 **at 9:30 a.m.** at the Commission's offices, 1200 West Washington Street, Phoenix,
Arizona. Public comments will be taken on the first day of the hearing.

26 The law provides for an open public hearing at which, under appropriate
27 circumstances, interested parties may intervene. Intervention shall be permitted to
any person entitled by law to intervene and having a direct and substantial interest in

28 ¹ "Days" means calendar days.

the matter. Person's desiring to intervene must file a written motion to intervene with the Commission no later than **May 14, 2008**. The motion to intervene must be sent to the Company or its counsel and to all parties of record, and shall contain the following:

1. The name, address, and telephone number of the proposed intervenor and or any party upon whom service of documents is to be made if different from the intervenor.
2. A short statement of the proposed intervenor's interests in the proceeding (e.g., a customer of the Company, a shareholder of the company, etc.).
3. A statement certifying that a copy of the motion to intervene has been mailed to the Company or its counsel and to all parties of record in the case.

The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the record of the case. You will not receive any further notice of this proceeding unless you request it.

If you have questions about this application, or want further information on intervention, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Linda Hogan at LHogan@azcc.gov, voice phone number (602) 542-3931. Requests should be made as early as possible to allow time to arrange the accommodations.

IT IS FURTHER ORDERED that the Company shall **mail by May 2, 2008, or in its next monthly billing if sooner, a copy of the above notice to each of its customers.**

IT IS FURTHER ORDERED that the Company shall **file certification of the provision of notice** as soon as practicable after notice has been completed.

IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing/publishing of same, notwithstanding the failure of an individual customer to read or receive the notice.

IT IS FURTHER ORDERED that, pursuant to A.A.C. R14-2-103, the time-frame on the rate application shall be suspended until further order.

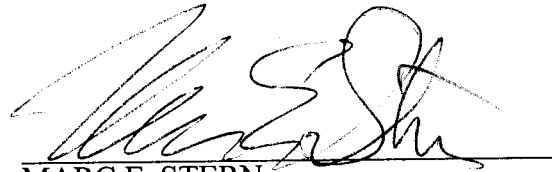
IT IS FURTHER ORDERED that the ex parte rule (A.A.C. R14-3-113—Unauthorized Communications) applies to this proceeding and shall remain in effect until the Commission's Decision in this matter is final and non-appealable.

1 IT IS FURTHER ORDERED that the time period specified herein shall not be extended
2 pursuant to Rule 6(a) or (e) of the Rules of Civil Procedure.

3 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the
4 Rules of the Arizona Supreme Court and A.R.S. § 40-243 with respect to the practice of law
5 and admission *pro hac vice*.

6 IT IS FURTHER ORDERED that the Presiding Administrative Law Judge may rescind, alter,
7 amend, or waive any portion of this Procedural Order either by subsequent Procedural Order or by
8 ruling at hearing.

9 DATED this 3rd day of April, 2008.

10
11 
12 MARC E. STERN
13 ADMINISTRATIVE LAW JUDGE

14 Copies of the foregoing were mailed/delivered
15 this 3rd day of April, 2008 to:

16 Wade Noble
17 SHEPARD WATER COMPANY, INC.
18 10430 North Martinez Lake Road
19 Martinez Lake, Arizona 85365
20 Attorney for Shepard Water Company

21 Christopher Kempley, Chief Counsel
22 Legal Division
23 ARIZONA CORPORATION COMMISSION
24 1200 West Washington Street
25 Phoenix, Arizona 85007

26 Ernest Johnson, Director
27 Utilities Division
28 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

ARIZONA REPORTING SERVICE, INC.
2200 North Central Avenue, Suite 502
Phoenix, AZ 85004-1481

By: 

Debra Broyles
Secretary to Marc E. Stern